

**THE CITY OF REDMOND**

OFFICE OF THE MAYOR
ROSEMARIE M. IVES, Mayor

MEMO TO: City Council

FROM: Rosemarie Ives, Mayor

DATE: April 5, 2005

SUBJECT: FEE WAIVER REQUEST – FRIENDLY VILLAGE MOBILE HOME PARK

I. RECOMMENDED ACTION

Deny the request to waive Building Permit fees in the amount of \$12,954 for the installation of private water submeters for each individual residence at the Friendly Village Mobile Home Park, located at Avondale Road NE and NE 95th Street.

II. DEPARTMENT CONTACT PERSONS

Roberta Lewandowski, Director of Planning and Community Development, 425-556-2447
Rob Odle, Policy Planning Manager, 425-556-2417
Terry Shirk, Senior Planner, 425-556-2480

III. DESCRIPTION/BACKGROUND

The operators of the Friendly Village Mobile Home Park intend to install private water submeters at each of its residents' home spaces in order to conserve water resources. Currently, the entire site is served by only one meter. Because water service is already provided to the site, no permits are required from the Utilities division, however, a plumbing permit is required from the Building Division.

Because Friendly Village is an age restricted facility with many of the residents on fixed incomes, Friendly Village has requested that the City Council consider a fee waiver request pursuant to RCDG Section 20F.30.20-070 (3)(b). This section allows the City Council to waive application fees for projects that meet the following requirements:

1. The housing will be ultimately owned by households earning 60% of the King County Median Income.
2. The housing will remain affordable for at least five years, or longer if so conditioned by the City Council.
3. The housing will help meet an unfulfilled portion of the City's affordable housing targets.
4. The location will meet the City's zoning regulations.
5. The proposal will result in a benefit to the community.
6. The waiver will not result in an unacceptable adverse impact on the service providers funded by the fees proposed by a waiver.

It appears that the proposed project may meet many of the criteria cited above for allowing the Council to waive the described fees. However, staff is recommending denial of the request based on the last criterion. For Fiscal Year 2003-04, for which the most recent revenue figures are available, actual revenue from development was down 15% from expected revenue. (The City uses the revenue to fund development services.) Early projections for the first quarter of 2005 indicate that revenue continues to be lower than projections. Staff feels that the waiver of these funds will exacerbate the reduced revenue income, which will result in an unacceptable adverse impact on the service providers funded by these fees.

Representatives of Friendly Village have reported that the majority of their residents do income qualify as a low-income households (earning 60% or less of the King County Median Income, adjusted for household size). If the waiver were to be approved, documentation would be needed to support this claim.

IV. IMPACT

- A. **Service Delivery:** The installation of water submeters at each of the separate homes at Friendly Village will enable residents to more closely monitor their individual water usage. Friendly Village reports that this action has been demonstrated to reduce water usage in similar park facilities. There will be no change in provision of water service to the residents of Friendly Village, other than the installation of individual submeters. The residents will also be required to pay their own individual water utility bills, as opposed to having these costs included in their monthly rental payment for their home space. It is also likely that the cost for the permit, if not waived by the City, will be passed on to the individual homeowners.
- B. **Fiscal:** The cost of the individual permits for the 224 residences at Friendly Village is \$57.83, including the 3% Technology Surcharge, for a total cost of \$12,954. Actual Development account revenue for Fiscal Years 2003-04 was \$6.7 million, which was 15% lower than the projected \$7.9 million for the budget cycle. Preliminary estimates for the first quarter of 2005 indicate that the actual revenue trend continues to be lower than projected, with only 13% collected of the total 16% that would be anticipated at this point in the budget cycle. Although the requested waiver amount is relatively low, staff does not support the requested fee waiver, as it will further exacerbate the loss of revenue in the Development Services Account.

V. ALTERNATIVES


- A. **Pay the fees from other sources like ARCH.** Staff contacted ARCH to determine if any funds are available from ARCH to help offset the cost of waiving these fees. While Redmond has \$150,000 remaining in its CIP that has been allocated for affordable housing for 2005-06, these funds have been tentatively earmarked for existing projects that are being supported by ARCH, along with funds from all other ARCH member jurisdictions.
- B. **Waive the fees only for those homes that income qualify.** The City could request that Friendly Village provide documentation regarding the household income for each of its residents. Based on that information, the City could reconsider the request to waive the fees only for the units occupied by households earning 60% or less of the King County Median Income.
- C. **Reconsider the request in 6-12 months to determine if actual revenue has increased.** The City may be in a better financial position in 6-12 months to be able to cover the costs of waiving these fees without adversely affecting other services.
- D. **Approve the request to waive the fees.** Staff feels that this would be inconsistent with the criteria that allow the City to consider fee waiver requests.

VI. TIME CONSTRAINTS

Friendly Village originally scheduled the installation of new meters on March 29, 2005. The action was postponed pending an outcome of this request.

VII. LIST OF EXHIBITS

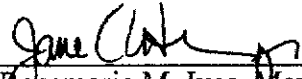
Attachment A: Letter of request on behalf of Friendly Village and related correspondence from the City.



Roberta Lewandowski, Planning Director

3/31/05

Date

Approved for Council Agenda: 

Rosemarie M. Ives, Mayor

3/31/05

Date

ATTACHMENT A

OLSEN LAW FIRM PLLC

WALTER H. OLSEN, JR. *, ATTORNEY AT LAW
B. TONY BRANSON, ATTORNEY AT LAW
TROY R. NEHRING, ATTORNEY AT LAW

* ADMITTED IN WASHINGTON AND OREGON

CYNTHIA THOMPSON, PARALEGAL/OFFICE MANAGER
DOUG SCHARNHORST, PARALEGAL/CONTROLLER
NOREEN M. PETERS, PARALEGAL
TERI WILKERSON, ADMINISTRATIVE ASSISTANT

March 18, 2005

RECEIVED

MAR 21 2005

MAYOR'S OFFICE
CITY OF REDMOND

Mayor Rosemarie Ives
City of Redmond
15670 N.E. 85th Street
PO Box 97010
Redmond, Washington 98073-9710

RE: *Friendly Village of Redmond*

Dear Mayor Ives:

I represent Friendly Village of Redmond, an age restricted manufactured home community for older persons located at Avondale Road and N.E. 95th Street in Redmond. I contacted your assistant yesterday to schedule a meeting with you when you return to your office next week. While you are gone, I thought I would write this letter to introduce the subject of my proposed meeting for you to review upon your return on Monday.

My client has asked that I contact you to request your assistance regarding Friendly Village's plans to install private water submeters at each of its residents' spaces in order to conserve water resources. Historically, we understand from our subcontractor that we can expect that water consumption at Friendly Village will decrease by at least 25% after installation of the water meters.

I have reviewed the City's website and Code regarding utility permitting and the City's metering regulations appear to apply to situations which involve either new construction or new City meters which attach to the City's water lines. Friendly Village is already metered by the City so that it can pay for its water consumption. Friendly Village also owns and maintains its water lines within the community. Accordingly, we would not expect that the City's Code relating to utility permitting would apply to Friendly Village's plans to monitor its residents water consumption.

However, in an abundance of caution, Friendly Village asked that I contact the City to request the City's written confirmation that Friendly Village need not obtain a permit to install its private submeters. Friendly Village plans to begin installing the submeters on March 29, 2005, and so time is of the essence with regard to this matter.

By phone call on March 1, 2005, I initially contacted Cindy Fullerton from your Development Services department to confirm whether a permit was necessary. Her response was that insofar as Friendly Village owned its water lines within the community, she believed that this was a private matter that would not require a permit. When I asked for a written confirmation, she

suggested that I request one from her superiors, and that I should contact either Robert Franklin, Manager of Development Services, and/or David Rhodes, Director of Public Works.

By letter dated March 2, 2005, I wrote both Mr. Franklin and Mr. Rhodes and requested that they consider our plans and confirm that a permit would not be necessary. I am enclosing a copy of my letter.

By voicemail on March 11, 2004, Mr. Franklin advised that the City had conducted a departmental meeting on Wednesday, March 9, 2005 at which time it was confirmed that we could install private submeters as suggested in our letter. Mr. Franklin advised that he planned to forward me a letter confirming this. We can transcribe this voicemail for you if necessary.

In reliance on the City's representations that a permit would not be necessary, Friendly Village finalized its plans and agreements to retain Ista North America Incorporated to install its private submeters. Ista is a company that installs and monitors private submeters worldwide.

On March 16, 2005, Mr. Franklin called me and advised for the first time that "a permit" would be necessary to install submeters. At that point, I advised that this was inconsistent with Mr. Franklin's voicemail, and that this was the whole point of my letter requesting confirmation that a permit was not necessary. However, Mr. Franklin confirmed that just one permit was necessary, and in view of the nominal charge of \$57.83 for one permit, we decided that this charge did not justify a dispute and made arrangements for Friendly Village to obtain the permit. Mr. Franklin suggested that we come in to get the permit during the afternoon of March 17 when he planned to be in his office. Mr. Franklin then sent me the enclosed letter confirming that one permit would be required.

Later that day, Friendly Village contacted Mr. Franklin to schedule a time to obtain the permit and was advised for the first time that one permit would not suffice, and that Friendly Village must obtain 224 separate permits at a cost of almost \$13,000. Mr. Franklin directed us to Sue Simpson at the City if we had any questions.

On March 17, 2005, I called Ms. Simpson and she confirmed that the City now requires a permit for each resident at Friendly Village for which a submeter would be installed. I then asked her for a reference to the City's Code to which she relies in forming her conclusion. She could not provide one but referred me to the City's website for copies of the relevant code.

I then researched the City's Code and could not find any provision that requires a permit for installation of a private submeter. I called Ms. Simpson back and again asked for the basis on which she relied to form her conclusion that 224 permits were required, and she could not provide one. I asked her whether there was any compromise that could be made as there must be some economy of scale even if the City did have the authority to issue permits for 224 identical submeters. Ms. Simpson responded that the City could not compromise the permitting fees. I then pointed out that the City's Code did provide for a fee waiver by the City Counsel for low-income housing, and requested that she at least waive the fee pending approval by the City Counsel so that Friendly Village could begin work as planned on March 29. Ms. Simpson responded that the City Counsel's approval must be obtained before the City would issue a permit with a fee waiver.

Mayor Rosemarie Ives
March 18, 2005
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Despite my best efforts to reach a compromise that would allow Friendly Village to begin installing its water meters as planned on March 29, Ms. Simpson insisted that absent payment of the \$13,000, permits would not be issued. When I asked Ms. Simpson whether the City had any experience with private submetering as planned by Friendly Village, she mentioned that she was involved with metering at an apartment complex some years ago.

While we understand that this may be the first time that the issue of private submetering has been considered by the City in the magnitude proposed by Friendly Village, we do not believe it fair for the City to initially advise that a permit was unnecessary, and then advise that one permit was required, and now insist that 224 individual permits and \$13,000 is required to begin the project.

We are also troubled by the chilling effect that the City's position may have on water conservation. At a time when our state Governor has declared a state of emergency due to our unusually dry winter, we would hope that the City would work with Friendly Village to accomplish water conservation.

In addition, we would also hope that the City would work with Friendly Village so that it may continue to offer affordable housing to its fixed income residents, the vast majority of which are on social security. By submetering the residents' usage, we hope to decrease water consumption as well as water fees so that each resident's housing may remain affordable.

Please provide your candid consideration to this letter and call me to schedule a time that we can meet next week.

Sincerely,



Walter H. Olsen, Jr.

cc: Friendly Village

OLSEN LAW FIRM PLLC

COPY

With
Subject

WALTER H. OLSEN, JR., ATTORNEY AT LAW
B. TONY BRANSON, ATTORNEY AT LAW
TROY R. NEHRING, ATTORNEY AT LAW

*ADMITTED BY WASHINGTON AND OREGON

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NOREEN M. PETERS, PARALEGAL
TERI WILKERSON, ADMINISTRATIVE ASSISTANT

March 2, 2005

Mr. David Rhodes
Director of Public Works
City of Redmond
P.O. Box 97010, MS CHPWE
Redmond, Washington 98073-9710

Mr. Robert Franklin
Manager of Development Services
City of Redmond
P.O. Box 97010, MS CHPWD
Redmond, Washington 98073-9710

RE: *Friendly Village of Redmond*

Dear Mr. Rhodes and Mr. Franklin:

I represent the Friendly Village Manufactured Home Community and have been asked to contact you regarding its plans to install private submeters at each of its residents' spaces in order to monitor their actual water usage and conserve water resources.

I have reviewed the City's website and Code regarding utility permitting and the City's metering regulations appear to apply to situations which involve either new construction or new City meters which attach to the City's water lines. Friendly Village is already metered by the City so that it can pay for its water consumption. Friendly Village also owns and maintains its water lines within the community. Accordingly, we would not expect that the City's Code relating to utility permitting would apply to Friendly Village's plans to install private submeters.

However, in an abundance of caution, Friendly Village has asked that I contact you to request the City's written confirmation that it need not obtain a permit to install its private submeters. Friendly Village plans to begin work on the submeters on or after March 15, 2005. Accordingly, your written response by then would be appreciated. Thank you for your consideration of this matter.

Sincerely,



Walter H. Olsen, Jr.

cc: Friendly Village



THE CITY OF REDMOND
PUBLIC WORKS DEPARTMENT

March 15, 2005

Mr. Walter H. Olsen, Jr.
Olsen Law Firm PLLC
604 W Meeker Street, Suite 101
Kent WA 98032

Re: Friendly Village of Redmond

Dear Mr. Olsen:

Thank you for your letter dated March 2, 2005. regarding the use of private sub-meters within the existing private water supply system at Friendly Village.

While somewhat unusual, the existing circumstances at Friendly Village are such that the use of private sub-meters is acceptable.

A plumbing permit will be needed. Please coordinate that permit with our Building Division. Also, please keep me posted about the locations of the sub-meters and schedules for replacements. I will pass that information to our field personnel so they understand what is being done in the field and so they understand the arrangements for future reference.

Thanks for exercising an abundance of caution regarding the water system. If you have further questions, please contact me.

Sincerely,

Robert Franklin, PE
Department Services, Division Manager

cc: Scott Thomasson
Building Division